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Testimony

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Statement of John B. Crowell, Jr., Assistant Secretary for Natural Resources and Environment U.S. Department of Agriculture Before the Subcommittee on Public Lands and National Parks Committee on Interior and Insular Affairs United States House of Representatives On H.R. 1149, a bill to designate certain National Forest System lands in the State of Oregon for inclusion in the National Wilderness Preservation System, Feb. 14.

Mr. Chairman and members of the committee:

I am pleased to have this opportunity to present the administration's views on H.R. 1149, a bill that would expand the National Wilderness Preservation System in Oregon. Before I deal with the specifics of the legislation before us, I would like briefly to set the stage with some background information regarding wilderness in Oregon.

Wilderness Designation in Oregon

Oregon's total land area is 61,557,000 acres; 52 percent—about 32 million acres—is under federal management. National Forest System lands total about 15.6 million acres or one-quarter the land area of the state. Lands administered by the Bureau of Land Management total 15.7 million acres. Most of the remaining approximately one million acres of federal land in the state are administered by other agencies of the Department of the Interior.

About 1.2 million acres of federal land in Oregon are in the National Wilderness Preservation System now. An additional 160,000 acres are in Crater Lake National Park, much of which is unroaded and undeveloped. Existing wildernesses represent about 8 percent of the National Forest System in the state and 2 percent of Oregon's total land area.

Provisions of H.R. 1149

H.R. 1149 would designate 18 new wildernesses and would make additions to 8 existing wildernesses for a total of 1,006,375 acres of additional wilderness in Oregon. The bill would also designate three

new wilderness study areas totaling 112,500 acres. The secretary is directed to review these study areas for their wilderness suitability and forward his report to the president, who would then submit his recommendation to Congress no later than 3 years from date of enactment. The bill also includes a provision that would terminate all existing timber sales in the proposed Middle Santiam Wilderness and substitute contracts of equal volume and value. An additional provision renames the existing but enlarged Diamond Peak Wilderness as the Diamond-Thielsen Wilderness.

We note the bill does not include any release provisions. We understand the sponsors intend to offer such provisions during markup of the legislation.

Comparison with Rare II

During the second Roadless Area Review and Evaluation—RARE II-approximately 3 million acres of roadless and undeveloped lands on the National Forests in Oregon were studied. In the RARE II final environmental statement 368,000 acres were recommended for wilderness, 400,000 acres were identified for further planning, and approximately 2.2 million acres were allocated to mutliple uses other than wilderness. Approximately 30,000 acres of the lands recommended for wilderness were included in legislation modifying the boundaries of Crater Lake National Park during the 96th Congress.

The wilderness recommendations of H.R. 1149 are approximately three times the acreage recommended for wilderness in the RARE II final environmental statement. The 1.0 million acres proposed in H.R. 1149 includes:

— Seven areas - 220,000 acres that are identical to the RARE II recommendation.

— Six areas - 350,000 acres that exceed the RARE II wilderness recommendation by 250,000 acres.

— Eleven areas - 380,000 acres that were not wilderness recommendation in RARE II.

— Two areas - 53,000 acres not in the RARE II inventory.

The majority of the 11 areas that were not recommended for wilderness in RARE II and the 6 areas that exceed the RARE II

recommendations by 250,000 acres were allocated to nonwilderness uses because of the significant nonwilderness values.

I will discuss these resources in greater detail later in my statement. Two areas recommended for wilderness as a result of RARE II were not among the wilderness designations in H.R. 1149. The two areas total 9,000 acres. If enacted, H.R. 1149 would double Oregon wilderness. It would result in a total of 31 National Forest System wildernesses in Oregon with a total of 2.2 million acres, comprising 14 percent of the National Forest System lands.

Resource Impact of Proposed Wilderness Designations

Mr. Chairman, since your December hearing on the Oregon wilderness bill, we have compiled information concerning existing and planned management activities within the areas proposed for wilderness and wilderness study by H.R. 1149.

If enacted, H.R. 1149 would have substantial adverse impact on existing and future resource management activities. For example, there are 54 existing timber sale contracts in 13 of the proposed wildernesses and the three wilderness study areas. These 54 timber sale contracts include approximately 200 million board feet. Two proposed wildernesses have existing road contracts for approximately 5 miles of road in each area.

The wilderness and wilderness study designations included in H.R. 1149 would result in a reduction in planned timber sales for fiscal years 1983 and 1984 of approximately 165 million board feet and 229 million board feet respectively. Approximately 35 planned timber sales would be affected in each fiscal year. This represents about 6 percent of the annual timber sales program on the National Forests in Oregon.

The estimated reduction in annual programed harvest for the wilderness recommendations in H.R. 1149 would be 188 million board feet over and above the reduction of 43.5 million board feet within areas recommended for wilderness in RARE II. The annual reduction in potential yield is 264 million board feet over and above the reduction of 54.5 million in areas recommended for wilderness in RARE II.

The RARE II areas recommended for wilderness in Oregon contain about 5 billion board feet of sawtimber growing stock. Even at an average value of $100 per thousand board feet, this represents a total

value of about one half billion dollars. The added wilderness and wilderness study areas included in H.R. 1149 that are over and above RARE II would cause that figure to be quadrupled and would result in an added annual reduction in potential yield of approximately 264 million board feet. This reduction represents approximately 7 percent of the annual potential yield of the National Forests in Oregon.

The wilderness areas and study areas added in H.R. 1149 that are above the RARE II recommendations would result in an added annual reduction of programed harvest estimated at 188 million board feet. This represents approximately 5 percent of the annual programed harvest in the National Forests in Oregon.

The economic impacts beyond the RARE II recommendation are substantial. We estimate that annual returns to the U.S. Treasury from the sale of timber would be about $35 to $40 million less. These estimates are based on anticipated recovery in the timber industry that would result in average stumpage values greater than the current market—93.00/MBF—but not at levels previously experienced—$373/MBF -FY 80. An average projected stumpage value of $200/MBF was used. This dollar loss and subsequent reduction in employment would result from the sales planned in nonwilderness areas that are proposed for wilderness or for further study by H.R. 1149. Plans for these sales, obviously, would need to be cancelled. The resultant loss in jobs is estimated at about 1,300 to 1,500. Jobs lost indirectly in service industries would be about double this number.

The ability of National Forests in Oregon to meet other important resource targets would be jeopardized by the enactment of H.R. 1149. A number of the proposed wilderness designations would significantly reduce opportunities for a great variety of dispersed recreation activities in a number of areas such as Diamond Lake area which is one of the most heavily used snowmobiling area in the state. There are a number of mining cabins and mining claims which are accessed by off-road vehicles in North Fork John Day area. Grassy Knob and many other areas have heavy concentration of mining claims. Mill Creek is a favorite gem stone area accessed by off-road vehicles.

The wilderness designations in H.R. 1149 are excessive in area and the resources which would thereby be foregone are extremely valuable. Those resources would contribute significantly in future years to

income for the U.S. Treasury and through shared receipts to the local counties. Those same resources also would provide a significant contribution to future local employment. Therefore, we strongly oppose enactment of H.R. 1149.

We believe the remaining 330,000 acres recommended for wilderness outlined in the RARE II final environmental statement represent a reasonable and generally well-balanced proposal. We concur with deleting the 6,700-acre Limpy Rock proposal and the 2,370-acre Umpqua Spit proposal. Neither of these areas are included in H.R. 1149. We recommend deleting the 530-acre Red Butte proposal in Oregon. Of the remaining 320,000 acres, we have serious doubts concerning the desirability of Sky Lakes and Black Canyon for wilderness designation. Had we had an opportunity to reevaluate these areas, it is likely that we would recommend these areas for nonwilderness uses because of their high resource values. However, at this time, we support the RARE II recommendations of 320,000 acres.

We also note that the bill in its present form does not include provisions for release of nonwilderness areas or sufficiency of the RARE II environmental statement.

These concepts are of such importance that no additions to the Wilderness System should be made without providing at the same time equally assured status to unroaded lands designated for multiple uses other than wilderness in RARE II. We strongly recommend that language employing these concepts be included in any Oregon wilderness legislation.

Mr. Chairman, this completes my statement. I would be happy to respond to your questions.

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Following are exerpts from testimony delivered by Secretary of Agriculture John R. Block before the House Appropriations Committee subcommittee on agriculture, Feb. 15, 1983

Fiscal 1984 Budget Proposals

For fiscal 1984, the total value of the goods and services provided by the U.S. Department of Agriculture is estimated at $57.1 billion. Outlays associated with this program level are estimated at $35 billion. Both of these numbers represent slightly more than a 20 percent reduction from the record levels now estimated for fiscal 1983 of $72 billion and $45 billion for program level and outlays, respectively. The reductions affect many programs. In fact, each program area of the department was reviewed extensively in our desire to balance resource needs with the overriding concern to bring the federal budget under control.

Research and Extension

Support for agricultural research and extension has been a consistent goal of this administration. This goal remains in the fiscal 1984 budget request. However, the need to restrain federal spending means that even highly favored programs will have little or no growth in fiscal 1984.

The Agricultural Research Service (ARS) budget would have a net increase of $10.2 million, $7 million for increased operating costs and about $5.2 million for new program activities. The increases relate primarily to agricultural production and protection and research to help market U.S. commodities overseas. There is also a $1.9 million decrease for non-recurring construction activities.

The funding levels for the major formula programs in the Cooperative State Research Service (CSRS) would be maintained at the fiscal 1983 level. Special research grants and the animal health and disease program are proposed for reductions in order to maintain the formula funds. The request for the competitive research grants program is $21.5 million. This level would permit a new program of basic research in animal reproduction problems. This will be the first time animal research will be conducted under the competitive research grants program.

In the Extension Service, the traditional formula funds are maintained at the fiscal 1983 budget level. The $41.6 million reduction in earmarked programs was made necessary by increased budget constraints. These earmarked funds have usually been successful in encouraging states to develop programs in areas that need national or regional attention. Taking the cuts here will allow the states to maintain maximum flexibility in program planning by preserving the traditional formula funds.

A major study last year found serious deficiencies in services provided by the National Agricultural Library (NAL). Members of the study team included executives from other national libraries. The administration is responding to the urgent needs both by an increased funding request and management efficiencies. The NAL can be a great national resource underlying the research and extension system. We must not allow it to decline further. The requested $1.1 million increase will do much to strengthen the library and improve services.

Export Promotion Programs

Expanding the export of U.S. agricultural commodities continues as a priority of this administration. In the State of the Union message, the president discussed a broader strategy for international trade, one that increases the openness of our trading system and is fairer to American farmers and workers in the international marketplace. USDA will contribute to the broader strategy in two ways: increased funding for the Foreign Agricultural Service (FAS), and innovative export promotion programs.

In fiscal 1984, we propose an increase of $10.3 million for FAS, primarily consisting of $5 million for market development and $3.5 million for the purchase of satellite photographs of foreign crop production areas (LANDSAT). Other programs will be maintained at the fiscal 1983 level of activity.

We plan to continue to place emphasis on country/commodity combinations that show the most potential for market development. In general, this means that we will continue to shift more of our market development funds to growth markets in Southeast Asia, Latin America and Africa.

We understand that, relative to other countries, we do not have a large market development program. This administration has, however, asked for increases in market development every year, and the fiscal year 1984 request represents a 60 percent increase over the actual fiscal 1981 level of expenditure. From fiscal 1981 to fiscal 1984, expenditures for forest products development are planned to increase by 930 percent; oilseeds and products, by 86 percent; grain and feed, by 78 percent; and dairy, livestock and poultry, by 65 percent.

In October, I announced a new "blended credit" export program of $1.5 billion, $500 million in each of fiscal 1983-85. This program combines direct government credits, at zero interest, with government-guaranteed private loans at commercial rates of interest, to produce an attractive, low-cost financing package. This program is also targeted at countries which show potential for market growth.

The initial $500 million program for 1983 was extremely successful—in just over two months, all of the funds had been committed. About 3 million metric tons of grains, soymeal and vegetable oil will be exported, as well as 200,000 bales of cotton. As a result, on Jan. 11 the president announced that an additional $1.25 billion will be made available this year.

In total for fiscal 1983, we expect to guarantee at least $3.4 billion in commercial credit in addition to the $1.4 billion included in the blended credit program. Of this amount, at least $1 billion is earmarked for Mexico. Thus, total guaranteed credits will be at least $4.8 billion; total direct credits will be at least $350 million; and the total export credit level is expected to be over $5.1 billion.

In fiscal 1984, we expect that the world economy will be well on the way to recovery and that a less ambitious export credit program may be appropriate. At this time, we plan to make available at least $3 billion in guarantees and $100 million in direct credit. Let me assure you, however, that actual credit levels will depend on the need to enhance exports; we will respond as circumstances develop.

Another important component of USDA's total export effort is the P.L. 480 program. In fiscal 1984, we propose a program level for P.L. 480 of $1.5 billion, up slightly from fiscal 1983. We expect that 5.4 million metric tons, grain equivalent, will be shipped, compared to an estimated 5.7 MMT this year. The lower tonnage will be due to a small

shift in commodity mix to accommodate more highly valued commodities, such as vegetable oil, and to slightly higher commodity prices.

We are also requesting, in each of fiscal years 1983 and 1984, $500,000 to support the president's Caribbean Basin Initiative. These funds will support the modernization of agriculture in the Caribbean region. We are also proposing an increase in fiscal 1983 and 1984 for overseas scientific research.

Commodity Credit Corporation

In the area of domestic commodities, our primary initiative is the PIK program, which I described for you earlier. The PIK program, together with the legislative proposals contained in the budget, is expected to reduce outlays for CCC by $600 million in fiscal 1983 and $3.1 billion in fiscal 1984. In fiscal 1983, outlays are expected to total $18.3 billion; in fiscal 1984, $9.3 billion. As always, the fiscal 1984 estimate is very tentative. It assumes normal growing conditions; certain levels of participation in the acreage reduction, land diversion and PIK programs; Congressional approval of the legislative proposals; and continued efforts to reduce the cost of the dairy program. Our fiscal 1984 request includes $10.2 billion to reimburse the CCC for projected realized losses.

We urgently need the help of the Congress in providing adequate funding this year so that CCC can continue to carry out its responsibilities. In recent weeks, CCC disbursements on some days have been as high as $300 million. With this level of activity, even the recent injection of $10.5 billion provided by the fiscal 1983 Appropriations Act will soon be exhausted. Therefore, we are urgently requesting a supplemental appropriation of $5.7 billion for fiscal 1983 to further restore anticipated losses.

Soil and Water Conservation Programs

The president's statement of policy and the department's program for soil and water conservation activities were sent to Congress on Dec. 21, 1982. The Resources Conservation Act (RCA) policy statement and program are based on extensive surveys and evaluations of soil and water resources and will serve as a basis for the Administration's

budget and program policy recommendations for the next several years.

Total funding for soil and water conservation activities in fiscal 1984 is proposed at $694 million. The Soil Conservation Service (SCS) has a proposed budget of $475 million. There is a slight increase of $7.8 million for conservation technical assistance to farmers. For fiscal 1984, the department is proposing to target 10 percent of the funding, $26.3 million, to reach 282 additional counties for a total of 806 counties in 44 states. In fiscal 1982, these targeted operations were conducted on highly erosive soils and saved 19 tons of soil per protected acre whereas 77 percent of the cropland erodes at less than five tons per acre.

The water resource planning and construction programs are proposed for a $92.3 million reduction, largely on the basis of overall administration fiscal policy. While these programs are important, funding in fiscal 1984 is not critical to protecting the long-term productivity of agriculture. In addition, there is a proposal to rescind $69 million of the fiscal 1983 appropriation which was provided above the president's 1983 budget request.

The administration continues to recommend termination of the $25.7 million resource conservation and development program. Reviews conducted in previous years have not demonstrated that it warrants priority over other conservation programs within the overall funding levels proposed for SCS. Moreover, the resource and economic development objectives are considered to be primarily state and local government responsibilities. The department proposes to rescind part of the fiscal 1983 appropriation and to discontinue further funding of the program in fiscal 1984.

A decrease of $161.1 million is being proposed for the on-going conservation cost share programs in SCS and the Agricultural Stabilization and Conservation Service. The budget proposes to combine the objectives of the agricultural conservation program (ACP), emergency conservation, forestry incentives and water bank programs at $56 million. Reductions in cost share programs can be made more readily than in other conservation programs where reductions would essentially be permanent.

While these are unquestionably large reductions for federal cost-sharing programs, the committee should be mindful of the much larger level of assistance that is being offered through the acreage reduction

and payment-in-kind programs. These programs will take a significant amount of erosive land out of production, and farmers are being required to put the retired acreage into soil conserving uses.

Finally, some conservation practices are becoming more cost-effective even when viewed in the short-term. Conservation tillage and irrigation efficiency improvements can often be justified on the basis of energy cost savings alone, thus reducing the need for federal financial assistance.

The administration is proposing a total of $50 million for Colorado River salinity control activities. Most of the funds will go for measures that will be installed by the Bureau of Reclamation; however, there is a critical, and highly cost-effective, component included in the USDA budget for on-farm salinity control measures.

Funding for these measures is being brought together in a new consolidated program budgeted at $12.6 million. Heretofore, Colorado River salinity control activities have been carried out under the ACP and several SCS programs. However, the ACP is not ideally suited to special salinity control program needs, and program planning and administration will be improved with funding coming from a single source.

Rural Credits

Reductions in federal credit programs are necessary to reduce government spending and Treasury borrowing, and to increase private investment and future productivity. USDA's overall level of credit activities will be reduced accordingly. But, the reductions for fiscal 1984 will vary among programs, and some programs will be increased.

We expect to reduce the overall level of new loans made or guaranteed from about $32 billion in fiscal 1983 to slightly less than $21 billion in fiscal 1984. The total value of loans outstanding will increase from $127 billion at the end of fiscal 1982 to over $151 billion at the end of fiscal 1984. Clearly, the U.S. Department of Agriculture continues to be a significant supplier of credit for rural America.

We are proposing to increase the FmHA farm operating loan program substantially for the third year in a row. The increase in fiscal 1984 of $350 million provides for a farm operating insured loan level of $1,860 million, more than twice the operating loan level of fiscal 1981.

The farm ownership insured loan level will be reduced by $100 million to a fiscal 1984 level of $600 million. Several smaller farm loan programs will be terminated to provide for improved servicing of the farm ownership and operating programs.

Our estimate for the emergency disaster loan program in fiscal 1984 is $1.54 billion, down from $2 billion in fiscal 1983. This reduction reflects the combined impact of legislation approved in 1980 which phases out subsequent loans for annual operating expenses, and legislation we are proposing which will further restrict emergency disaster loans in areas where crop insurance is generally available.

We are proposing that FmHA's rural housing loan and grant programs be consolidated into a state-administered rural housing block grant program. The proposed legislation would authorize $850 million for the block grant and $300 million for servicing existing loans under FmHA's existing legislative authorities.

Most of the states have housing finance authorities created specifically for the purpose of providing housing assistance to low and moderate income families. The block grant should give them additional flexibility and augment their efforts to meet specific housing needs. The legislation is sufficiently broad to permit a wide variety of assistance including acquisition, construction, repair, rehabilitation, financing, and rental assistance payments. The block grant funds will be allocated to the states by formula, taking into account the distribution of rural population, substandard housing and income levels.

Modest reductions are proposed for the community development programs. The water and waste disposal loan and grant programs are scheduled to be reduced from $375 million to $250 million, and from $175 million to $90 million, respectively. The community facility loan program will be reduced from $130 million to $100 million. Assistance under these programs will be limited to projects that are essential to the health and safety of the rural residents and of small rural communities. Funding is not continued for the business and industrial loan program.

Reductions are also proposed for the electric and telephone loan programs of the Rural Electrification Administration. The loan guarantees for the construction of generation and transmission facilities is reduced from $4.6 billion in fiscal 1983 to $3.2 billion. This level of

reduction reflects an anticipated decrease in demand for loan guarantees for construction of new generating plants.

The insured electric loan program will be reduced from $850 million to $500 million; the insured telephone loan program, from $250 million to $75 million; and the guaranteed telephone loan program, from $145 million to $125 million. We believe the cooperatives and other organizations participating in these programs can obtain increasing proportions of their capital needs from commercial sources. The majority of the telephone borrowers are privately owned companies and are eligible for investment and tax credits, as are some of the larger electric borrowers.

Crop Insurance

We will continue to expand the availability of risk protection provided to farmers through the federal crop insurance program. In crop year 1983, insurance will be available for all acreage in crops previously covered by disaster payments, the individual yield coverage plan will be given greater emphasis, and an increased yield guarantee will be provided on the planted acreage of insured farmers who participate in the PIK program. Coverage will be extended to all 3,000 agricultural counties in 49 states, and to 28 commodities. We expect producers' participation to improve considerably, from about 18 percent in crop year 1982 to 30 percent in crop year 1983, and to 37 percent in crop year 1984.

Domestic Feeding Programs

We are proposing that the states be liable for all certification errors exceeding three percent of total issuance. Since the federal government has no direct control over food stamp certification, the states should accept a greater financial responsibility for improperly issued benefits.

Marketing and Inspection Programs

In the Animal and Plant Health Inspection Service, we are again proposing to shift the emphasis in the brucellosis program from eradication to control. This will save the government nearly $33 million in fiscal 1984. The infection rate is currently running at less

than one-half of one percent and annual federal appropriations exceed economic losses to the industry by more than two to one.

We are also proposing to eliminate or reduce the federal government's involvement in several pest and disease control programs, including gypsy moth, witchweed, imported fire ant and grasshopper. In these programs, the pests are localized, states have the capability of conducting the program themselves or technology does not currently exist to prevent the spread of the pests. In addition, the budget proposes new legislation to authorize user fees for inspecting plants for disease before export, for issuing health certificates for export animals, and for the quarantine costs of animals being imported into the United States.

These user fees will provide annual savings of $3.6 million. I want to emphasize, however, that we remain committed to the long-term continuation of essential quarantine and inspection programs to protect our agricultural industry from diseases and pests.

In fiscal 1984, we expect to complete the screwworm barrier in southern Mexico. An additional $3.5 million is requested for this effort. Once the barrier is in place, funding needs for subsequent years will be substantially less.

The Agricultural Marketing Service proposals include new or increased user fees in several areas. Also, the budget does not recommend funding for the wholesale market development and payments to states programs. All of these changes are consistent with our general policy of relieving the taxpayer of the burden of financing services when those receiving the services are identifiable and able to pay.

For the Food Safety and Inspection Service, we are submitting legislation which would grant the secretary of agriculture authority to determine the frequency of inspection at meat and poultry processing facilities. This change would continue the present high standards of product wholesomeness and, at the same time, reduce inspection costs. A first year savings of $2 million can be realized from this change, and within five years, we expect annual savings to be nearly 10 times this amount.

The budget for the Agricultural Cooperative Service (ACS) of $3.7 million reflects a decrease of $1 million from the FY 1983

appropriation. In addition, a rescission of $779 thousand has been proposed for FY 1983. We believe that ACS will still have ample resources to conduct their technical assistance and research activities for farm cooperatives.

Economics and Statistics

Timely and reliable agricultural statistics and sound economic analysis and forecasting are essential to everyone involved in agriculture—producers, exporters, those involved in processing and marketing and public policy officials at all levels of government. We consider it a basic responsibility of the federal government to maintain and improve these important programs.

Over the past couple of years, the administration and the Congress have cooperated in actions that today make the economics and statistics agencies more efficient. These actions include selective reductions in surveys, establishing user charges for publications and increased use of electronic data dissemination.

We will continue to pursue greater efficiency in these and other programs; however, increased operating costs, currently unmet data requirements and reduced reliability in some of our ongoing programs require increased funding support. We are, therefore, requesting moderate increases for the Statistical Research Service and the Economic Research Service (ERS) in fiscal 1984. Probably our most important need is for better economic information on soil and water conservation. The proposals in the ERS budget have been carefully designed to meet expected needs of USDA policy officials from both the economics and program management perspectives. The information will be valuable to this committee as well and I urge you to give the ERS proposals careful consideration.

Mr. Chairman, this concludes my formal statement. I appreciate the opportunity to present the department's fiscal 1984 proposals to the committee and look forward to working with you.

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News Releases

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JAMAICA APPROVED FOR BLENDED EXPORT CREDITS

WASHINGTON, Feb. 14—Secretary of Agriculture John R. Block announced the first sale in the second phase of the blended credit program announced by President Reagan Jan. 11.

A blended credits package of $20.5 million was approved for the sale of U.S. corn ($4.4 million), rice ($1.3 million), soybeans ($7.5 million), wheat flour ($0.8 million) and lumber ($6.5 million) to Jamaica. This credit package is expected to enable Jamaica to increase its imports of U.S. agricultural products over the planned level in 1983.

"We are confident that the blended credit program will continue to be a successful part of our thrust to expand overseas markets for U.S. farm products," Block said. "The first phase of the program provided $500 million in blended credit and was a sellout in less than two months after it was announced last Oct. 20. Interest in the program continues to be very high among foreign customers."

Under the Commodity Credit Corporation blended credit program, interest free direct credits under the export credit sales program are blended with government-guaranteed bank credits under the export credit guarantee program. The Jan. 11 announcement made available $250 million in direct credits and $1 billion in credit guarantees for a combined program of $1.25 billion above the $500 million authorized last October.

Further details on the blended credits package to Jamaica will be announced later.

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USDA REDEFINES BASIC WORKWEEK FOR MEAT AND POULTRY INSPECTORS

WASHINGTON, Feb. 14—Effective April 18, the U.S. Department of Agriculture is redefining the basic workweek for federal meat and

poultry inspectors as five consecutive eight-hour days, excluding the lunch period, within a Sunday to Saturday calendar week.

Previously, the work week was defined as five consecutive days from Monday to Friday, and the new rule provides that, when possible, the basic workweek shall fall on those days.

"This action formalizes current agency practices," said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service. "The rule minimizes the burden on meat and poultry plants which do not operate on a Monday to Friday schedule."

The basic workweek is the period during which USDA provides inspection to plants, importers and exporters without charge. The cost of overtime and holiday inspection services conducted outside the basic workweek is borne by the plants.

The final rule, which is scheduled to be published in the Feb. 15 Federal Register, is exempt from notice and comment requirements under the Administrative Procedure Act.

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66 ARRESTED IN TENNESSEE FOR FOOD STAMP VIOLATIONS

NASHVILLE, Tenn., Feb. 15—In a joint federal-state effort to curb fraud in the food stamp program, agents today began serving arrest warrants on 66 persons in the Nashville area on felony charges of violating the food stamp act.

John V. Graziano, inspector general of the U.S. Department of Agriculture, said the operation is a joint endeavor by agents of his office, the U.S. Secret Service, and the Nashville police. He said the arrests resulted from a successful undercover operation "aimed at breaking up large scale criminal activities in which food stamps are routinely used instead of currency to purchase stolen property, narcotics, firearms, liquor, U.S. treasury checks and food stamp authorization cards stolen from the mails."

Graziano said the investigation began in June 1982 and was coordinated with Joe B. Brown, U.S. attorney, and Derry Harper, assistant U.S. attorney, for the Middle District of Tennessee, Nashville.

The undercover operation involved transactions of more than $25,000 in food stamps which were used to purchase the illegal contraband or exchanged for cash at a 60 percent discount.

Conviction of food stamp trafficking carries penalties up to $10,000 in fines and/or imprisonment up to five years. In addition to the food stamp charges, warrants were also issued charging suspects with other federal offenses including theft from U.S. mails, possession and sale of illegal weapons, narcotics and bootleg liquor.

Those accused of trafficking in food stamps included persons who operated or were employed by authorized retail grocery stores and who were aware of the food stamp program regulations, plus individuals involved in criminal activities who use food stamps for underground currency, Graziano said. He said the people who were arrested in Tennessee included retail store owners, people who "fence" stolen property, burglars and an attorney.

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USDA ANNOUNCES PEANUT SUPPORT LEVEL FOR 1983; SETS SALES POLICY

WASHINGTON, Feb. 15—Peanut farmers will receive a national average support level of $185 per short ton for 1983-crop additional peanuts, according to Secretary of Agriculture John R. Block.

Additional peanuts are those grown in addition to a farm's poundage quota or those grown on a farm without a poundage quota.

Price support rates on additional peanuts are set as the secretary of agriculture determines appropriate, taking into account factors such as the demand for peanut oil and peanut meal, foreign demand for U.S. peanuts and expected prices for other vegetable oils and protein meals. Price support rates are set at levels estimated to ensure no loss to the Commodity Credit Corporation from sale or disposal of such peanuts placed under loan.

The price support level for 1983-crop quota peanuts will be announced soon, Block said.

Additional loan collateral peanuts from the 1983 crop will be sold by CCC for export edible use at no less than $400 per ton, Block said. He

said loan collateral 1982-crop quota peanuts will be sold for export edible use at no less than the quota support, plus costs.

Loan collateral 1982-crop quota and additional peanuts will be sold for export crushing at no less than the applicable support level, plus costs. These peanuts must be fragmented prior to export to prevent their entering the edible markets, Block said.

Sales of quota and additional 1982 crop peanuts for domestic crushing only will be made by CCC at competitive prices, Block said. Use of oil produced from these peanuts will be unrestricted except that the oil may not be exported to a country involved in U.S. trade suspension, he said.

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GRAIN INSPECTION ADVISORY COMMITTEE ENDORSES PROPOSALS

WASHINGTON, Feb. 16—The Federal Grain Inspection Service Advisory Committee of the U.S. Department of Agriculture discussed and endorsed a number of proposals presented during its Feb. 9 meeting.

Among the proposals adopted were refined definitions for the compliance, standardization and supervision functions of the Federal Grain Inspection Service.

Kenneth A. Gilles, administrator of the Federal Grain Inspection Service, said the proposed definitions try to clearly describe program functions for management and financial accounting purposes. During the past year, the agency examined administrative and supervisory activities to determine precisely what functions actually were supervision as defined by the U.S. Grain Standards Act.

The committee encouraged the continued development of a proposed quality control plan. Several members suggested a pilot program be started to test the plan and its suitability for potential users. Objectives of the plan are to assure uniform and accurate inspection and weighing services; to assure consistency, integrity, and timely control; to minimize intermarket differences; and to establish an historic record of operational performance.

A report on financial matters showed the total Federal Grain Inspection Service program costs have decreased from $57 million in 1981 to $44 million in 1982 and estimates are that they will drop to about $42 million in 1983. Other actions taken by the committee were:

— To accept a proposed wheat standards docket which is planned for publication in the Federal Register;

— To support the Federal Grain Inspection Service in its efforts to eliminate duplication of unnecessary paperwork and unnecessary regulations; and,

— To request that a representative of U.S. agricultural interests be appointed to the International Maritime Organization.

The committee established a subcommittee on moisture and named Paul C. Hughes, executive vice president and general manager of the Farmers Soybean Corp., Blytheville, Ark., as chairman. Others serving on the subcommittee are: David Edmiston, chief, Grain and Commodity Inspection, California Department of Food and Agriculture; Ray W. Chartier, general manager, Farmers Cooperative, Dallas Center, Iowa; and Norman Weckerly, farmer and owner of Hurdsfield Grain, Hurdsville, N.D.

Robert L. Parker, president of Paris Milling Company, Paris, Texas, was introduced as a new member of the advisory committee. He succeeds James Boillot, director of Missouri Department of Agriculture, who resigned recently to accept assignment to another USDA committee.

The next advisory meeting is scheduled for Friday, April 28.

The Federal Grain Advisory Committee provides advice and counsel to the administrator of the Federal Grain Inspection Service on the efficient and economical implementation of the U.S. Grain Standards Act to assure movement of grain in an orderly and timely manner.

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USDA TO IMPOSE STIFFER PENALTIES FOR FOOD STAMP ABUSES

WASHINGTON, Feb. 16—Beginning April 1, people who abuse the food stamp program will face stiffer penalties, Assistant Secretary of Agriculture Mary C. Jarratt said today.

"Under this new policy, individuals found guilty of a third food stamp offense will be permanently barred from the program," Jarratt said.

Those found guilty of two offenses will be barred from the program for one year and those who abuse the program a first time will not receive food stamps for six months.

Jarratt said, "We are determined to safeguard the food stamp program by going after the people who are abusing the program. We want to make sure food stamp dollars are targeted to those people who are eligible and truly need food assistance.

"This rule is one of a number of initiatives the department has undertaken to combat fraud, waste and abuse in the food stamp program—a major commitment of this administration."

The penalties will apply to all individuals regardless of whether they are determined guilty of food stamp abuse at state or local administrative disqualification hearings or in courts of law, Jarratt said. They also apply to individuals who make false or misleading statements, conceal or withhold facts, make other misrepresentations or commit any act that violates a state food stamp law.

The new rule will make it easier for states to collect overpayments from households. Currently, only the disqualified individual is responsible for repaying fraudulent overissuances. Under the new rule, the household will also be held responsible for repaying the benefits. The household will have the option of repaying the overissuance in cash, with food stamp coupons or through a reduction in its monthly food stamp allotment.

States may keep 50 percent of the amount collected on recipient fraud claims and 25 percent of the amount collected on inadvertent recipient error claims. These provisions are part of the 1981 Omnibus Reconciliation Act and the 1982 Food Stamp Amendments.

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USDA, CANADA AND MEXICO SET UP FOOT-AND-MOUTH DISEASE VACCINE BANK

WASHINGTON, Feb. 17—Secretary of Agriculture John R. Block and his counterparts from Mexico and Canada have signed a cooperative agreement establishing a foot-and-mouth disease vaccine bank.

According to Block, the vaccine would be available for use by member countries if foot-and-mouth disease were introduced and could not be controlled by slaughtering infected and exposed animals.

Foot-and-mouth disease is a highly contagious and destructive disease of cloven-hooved animals. Although this disease is not presently found on the North American continent, it poses a constant threat to the livestock population here. This agreement will assure vaccine is readily available to meet the dangers connected with a large or uncontrollable outbreak of the disease in any of the member countries.

Block said this type of cooperation demonstrates the importance each of the member countries gives to maintaining a healthy livestock population.

The vaccine is being produced under contract in Europe and at USDA's Plum Island Animal Disease Center off the coast of Long Island near Greenport, N.Y.

About 7.5 million doses of foot-and-mouth antigen—which can be made into vaccine at a moment's notice—will be kept in West Germany, under contract with the producer. Only an emergency supply of antigen will be kept at Plum Island. The antigen will be tested for virility at specified intervals.

It cost about $1.8 million to establish the vaccine bank and another $104,000 per year to maintain it. The member countries have agreed to divide the costs in proportion to their cattle populations—72 72 percent for the United States, 20 percent for Mexico and 8 percent for Canada.

Each member country will appoint members to a two-level policy governing board of the North American Foot-and Mouth Disease Vaccine Bank. The day-to-day operation of the bank will be administered by veterinarians of USDA's Animal and Plant Health Inspection Service.

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USDA RESEARCH TO EMPHASIZE CRITICAL NATIONAL NEEDS

WASHINGTON, Feb. 17—New directions for agricultural research in the 1980's are being planned by the U.S. Department of Agriculture's chief science agency, emphasizing research on critical national needs up to 1990 and projected over the next 20 to 50 years.

Terry B. Kinney, Jr., administrator of USDA's Agricultural Research Service, said the agency is realigning its programs and funding "to achieve a proper balance of resources needed to pursue national research in the years ahead."

Agency resources will be concentrated, Kinney said, in two high priority areas—one addressing immediate needs of agriculture through 1990 and the second increasing basic high-risk research that has long-term payoffs.

Among the immediate needs, Kinney said, are ways to increase the uses of agricultural products, reduce soil and water losses, and improve human nutrition.

"One of our immediate jobs is to increase research that will help ease the surpluses and other economic binds facing agriculture," he said.

"We want to tap, as one example, the potential that crops and by-products have for being turned into value-added products," he said. "That would open new markets for agriculture products, bolster incomes of farmers and ranchers, and help this country's exports.

"We are redirecting our scientific talent and resources in line with Secretary of Agriculture Block's policy to focus research on national goals," Kinney said. "The agency is projecting that $75 million of its current budget be redirected over 6 years, from 1984 to 1990."

Orville G. Bentley, assistant secretary for science and education, called the agency's new plans "extremely broad in scope, on a scale seldom attempted by a similar agency."

Bentley said the agency will have "a new continuity in its program as it pursues existing research and weighs promising science opportunities that can lead to new knowledge and technologies."

Kinney said the redirections for the agency are spelled out in two documents:

— A program strategy that outlines research possibilities for the next 20 to 50 years.

— A six-year plan that identifies research areas for increased emphasis for the 1980's.

Kinney said the six-year plan also sets funding targets and priorities, and establishes a yearly review.

Following are the six objectives and changes in percentage and actual dollar targets for 1990. They are based on the agency's 1982 budget of $413 million, the latest budget available when the planning was started.

— Converting agricultural products, 3 percent ($10 million) increase.

— Soil and water resources, 1 percent ($6 million) increase.

— Human nutrition, 3 percent ($14 million) increase.

— Systems research applied to agriculture, 1 percent ($3 million) increase.

— Plant production, 7 percent ($29 million) decrease.

— Animal production, 1 percent ($4 million) decrease.

Kinney said that funds for plant and animal production will be shifted to broaden the base of fundamental knowledge, including genetic engineering and other biotechnologies. "We must take advantage of opportunities that will be opened by new developments in advanced technology," he said.

Kinney said that the actual dollar targets for 1990 are based on a constant budget of $413 million, the 1982 total. Budget increases in subsequent years will result in increased research on all six objectives of the agency.

All of the funding targets for 1990 are the result, Kinney said, of a planning process started within the agency in December 1981. Over 500 agency scientists and engineers were involved.

"After evaluating all the options with administrative and field staffs," Kinney said, "hard choices were made."

Kinney said the agency's new directions "take aim at providing stability to a national research program that must contribute to long-term stability of American agriculture."

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WATER OUTLOOK REMAINS GOOD IN MOST OF WEST

WASHINGTON, Feb. 18—Water supplies should be adequate to abundant for much of the West this summer, the U.S. Department of Agriculture and the National Oceanic and Atmospheric Administration reported today.

Peter C. Myers, chief of USDA's Soil Conservation Service, said the favorable outlook has been tempered somewhat by a lack of snowfall in some areas.

However, late January storms along the California coast spread snow inland as far as Arizona and New Mexico. Another storm added significant snowpack in the Pacific Northwest. Elsewhere, there was little additional snowpack in the western mountains.

Myers said streamflow forecasts have been revised downward due to sparse January snowfall. The two agencies forecast spring and summer runoff to be generally 85 to 110 percent of normal. A few streams in Montana and Colorado may flow as low as 60 to 70 percent of normal.

Reservoir storage remains good to excellent throughout the West and should be adequate to offset any shortages in water supply caused by below normal streamflow.

Myers gave this Feb. 1 outlook by state:

Alaska: Snowpack is reported above normal in the southern half of Alaska, but is below normal in the north.

Arizona: Snowpack is 150 to 200 percent of normal in the high mountain watersheds. All streams are forecast to exceed normal.

California: Late January storms added enough additional mountain snowpack to nearly assure a good water outlook statewide.

Colorado: January snowfall was well below normal over most of the mountain watersheds. Streamflow will be 70 to 90 percent of normal.

Idaho: Many streamflow forecasts have been revised downward to near normal due to light January snowfall.

Montana: January was a poor snow month. Snowpack ranges from 60 to 90 percent of normal.

Nevada: Snowpack conditions are excellent and streamflow will be at least 130 percent of normal.

New Mexico: Streamflow is forecast to be 115 to 120 percent of normal, and reservoir storage is nearly 200 percent of normal.

Oregon: Near normal runoff is forecast for most Columbia River tributaries. Southeastern Oregon runoff will be much above normal.

Utah: Snowpack conditions are excellent in the south, but below normal in most other areas.

Washington: Water supplies this year are forecast to be near normal. Runoff should exceed normal in the Northeast, but may be below normal in some Puget Sound drainages.

Wyoming: Snowpack is generally below normal statewide. Streamflow will be 75 to 100 percent of normal.

About two-thirds of the snow season had passed by Feb. 1, and Myers said this water outlook is based on the assumption that weather during the balance of the winter and spring will be near normal.

The Soil Conservation Service surveys snowpack and monitors snowmelt throughout the West and reports each month from January through May.

USDA specialists, in cooperation with the National Weather Service of the National Oceanic and Atmospheric Administration, U.S. Department of Commerce, analyze the data and issue monthly forecasts of runoff and water supplies.

Snow accumulated during winter and spring provides about 75 percent of the western water supply. Some 83 percent of the West's water is used for agriculture.

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